Parliamentary Evidence

Protecting the Arctic

Charles Emmerson
Senior Research Fellow, Chatham House

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Q232 Chair:
A very good afternoon to you, Mr Emmerson. Thank you very much indeed for coming along. We are undertaking this inquiry into the Arctic and it is taking us quite a few different sessions. We are trying to get different angles and different perspectives. We are very grateful indeed to you for coming along this afternoon to give us the Chatham House perspective. Before we start our session this afternoon-and I will say this, both to you and to the witnesses who follow-we are looking to end our proceedings just after 4.00pm, so that might be helpful in terms of the timing. By way of an initial question to you, it would be really enlightening if you could give us your version of the politics of all of this, the politics of the opening up of the Arctic, the risks and the opportunities and the political landscape.

Charles Emmerson:
Let me briefly lay out what I believe to be the salient political issues. I will start off with the international politics, but it is worth pointing out that, when it comes to a lot of issues regarding oil and gas development, a lot of the politics is not international politics. A lot of the politics will be domestic politics within the various states of the Arctic.

At the international level, it is worth pointing out initially that the international politics of the Arctic is broadly co-operative. That is a very important point to make. We have the Arctic Council, which is in a sense the premier governance body in the Arctic. All the eight Arctic states are members of that organisation and, of course, the United Kingdom and various others are observers. That is one locus of agreement. Then there is more or less agreement around the legal framework; the UN Convention on the Law of the Sea, to which all the Arctic member states are signed up members with the standout exception of the United States. Nonetheless, the US recognises that legal framework as having the force of customary international law. More than this, on several occasions the Arctic states have got together-partly to counter those who would suggest that there is a legal vacuum in the Arctic-and restated publicly their commitment and adherence to the norms of international law in settling any disputes. That is partly a way of deflecting calls for internationalisation.

I am not trying to say that there are no political issues in the Arctic; of course there are. There are areas of current and future potential disagreement. There are security challenges and risks. There are areas of legal uncertainty. There is a risk that geopolitical issues outside the Arctic will perhaps play out
within the Arctic. There have been in the past some differences between the
Arctic states on the correct format for their meetings: should the Arctic coastal
states get together, the A5; should everything be discussed among the eight
Arctic states? There can be disagreements on that.

Q233 Chair:
Could you give us a little bit of a flavour of where some of the tensions might
be?

Charles Emmerson:
On which point exactly?

Chair:
In terms of the different states where you feel there might be issues that need
to be flagged up.

Charles Emmerson:
In terms of diplomatic and security issues, there is a nest of issues around the
Law of the Sea, around the status of various waterways. For example, the
Northwest Passage or the Northern Sea Route, there is a disagreement
between states (including non-Arctic states) on the legal status of those
waterways. Another example would be the Svalbard archipelago, which is
north of Norway. There is a disagreement about the extent to which the
Spitsbergen Treaty applies to the waters and continental shelf around that
archipelago. These are areas where there is a degree of disagreement, but
the point I really want to come back to is that the states have a capacity to
resolve these issues. Indeed, they have a willingness to resolve these issues.
In terms of thinking about the longer-term dynamics of Arctic politics that is a
very encouraging fact and makes the Arctic very, very different from, say, the
South China Sea or other areas where there may be areas of legal
uncertainty or disagreement.

Q234 Chair:
I want to ask as well about the issues that might come to the fore, which are
separate from the Arctic, which other interested countries might have and
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which would be put into the spotlight as a result of issues about the Arctic. Do you have any comments on that?

**Charles Emmerson:**

There are two sets of issues. One is that you have potential user states of the Arctic, for example, states that have a great interest in shipping. The question of whether the Northern Sea Route across the top of Russia is an international strait governed by one set of rules or whether it is an internal waterway governed by another set of rules, is an important question for those states—indeed, they are corporate actors—who might seek to use that waterway in the future. That is one set of issues where states outside the Arctic will have an interest, a very direct and clear interest, in how these issues play out.

**Q235 Chair:**

Okay, and perhaps just comment on China and Norway as an issue.

**Charles Emmerson:**

In the Arctic, something new is happening every week. In the last couple of weeks we have seen the Chinese Premier on a trip to Iceland and to Sweden, missing out Norway in between. China is a state that is interested in becoming a permanent observer in the Arctic Council. It did not visit Norway. There has been lots of speculation about why that might be. One reason possibly is because there is disagreement over how Norway could or should respond to the award of the Nobel Prize to Liu Xiabo, and the relationship there is perhaps somewhat tense. There are a number of states outside the Arctic that want to have a seat at the table, albeit a seat not on the central table but a seat on the outer table as observers rather than as voting members of the Arctic Council.

**Q236 Caroline Lucas:**

Just a quick follow-up. You were talking about security and sounding quite reassuring in terms of co-operation being the chosen method of resolving any issues there. But I wonder if you could comment on something that I picked up, which was that Canada has carried out military exercises in the Arctic and apparently is in the process of spending $25 billion on 23 new Arctic
warships. That is how it is put. Is that something that we need to be worried about or is that an overstatement of the fact?

**Charles Emmerson:**

Let me give a counter-example. In Canada also earlier this year the Chiefs of Defence of the various Arctic countries got together for the first time. My concern is not about increased military infrastructure in the Arctic. It is much more about this being misunderstood or misinterpreted by other Arctic states. I believe that is a much greater concern. If one is talking about a greater presence in the Arctic, ships that are capable of going into the Arctic, I do not think that is in itself something to worry about. I think greater surveillance of the Arctic, which often is done by bodies that are associated in some way with the military—for example, the Coastguard—I do not view that as being a worrying thing, particularly in the light of the discussions between diplomats and, indeed, the militaries increasingly talking to one another. That does not exclude the possibility that a dispute far outside the Arctic, a dispute between, I don’t know, Russia and NATO, say, were it to evolve in a certain way there might be some knock-on impact within the Arctic. But I think the Arctic as a cause of conflict in itself is a pretty unlikely scenario.

**Q237 Peter Aldous:**

As an observer at Arctic Council meetings, in what ways can the UK Government exert an influence on Arctic matters? Is there a concern that, as more countries rush to get a seat at this outer table, our ability to influence through the Arctic Council meetings lessens?

**Charles Emmerson:**

That would be a concern not just for the UK but for the Arctic states themselves. There are obviously two different ways of looking at this. One is to say other countries, such as China, are going to exert political influence in one way or another, perhaps bilaterally. They are not in the Arctic Council; therefore, better to have them inside the room. The other, of course, is that they will somehow dilute the influence of other countries. For the UK, the key point to remember is that the UK is not an Arctic country. The UK is a neighbour. It is a good neighbour. It will strive to be a good neighbour, and good neighbours cannot tell the Arctic Council who they can and cannot let in. Of course, they may provide advice and support and demonstrate themselves
as reliable partners in all kinds of areas, as the UK does, but it is very important not to transgress and be viewed as one of those countries that is perhaps shooting a little bit higher.

**Q238 Peter Aldous:**
Is there a danger that if you are too intrusive, you will upset the Arctic Council countries, and, if so, what other means are there for us to play a role?

**Charles Emmerson:**
In terms of this theme of good neighbourliness, one very, very important way of having influence in the Arctic in general is through science. The fact that the United Kingdom does have an active scientific community working on Arctic issues is very, very important. It allows Britain to have a certain presence in the Arctic. The fact that Britain has very strong bilateral relationships, for example, with Norway on energy issues or with Canada on all kinds of issues is certainly a lever of influence. One should not view the Council itself as being the only means through which influence can be exerted.

**Q239 Peter Aldous:**
What other means are there of exerting influence?

**Charles Emmerson:**
For example, through bilateral relationships. Indeed, there is an argument that one can make, which is that as the Arctic Council potentially incorporates more and more observers—if that indeed is what happens, and of course that has not yet been decided; that will be decided next year—there is a possibility that the Arctic Council becomes, well, a place where people meet and talk but is it a place where people have the hard discussions? For example, security issues are excluded from the Arctic Council. It is possible to imagine that decisions that touch on the strategic interests of the Arctic states are probably issues that several Arctic states would not want to have discussed in the Arctic Council. For the Arctic Council members themselves, as well as for the UK, it is possible that influence will be exerted more and more through bilateral relationships.
**Q240 Peter Aldous:**
The Government has listed six Government Departments with some form of policy and responsibilities in the Arctic. You obviously have the Department for Transport in shipping, DEFRA with environmental issues and DECC with energy issues. Are we diluting our effort? Could we be a little bit more pinpointed, do you think, with a more strategic approach?

**Charles Emmerson:**
I would say two things. All the Arctic states have clear, explicit, published Arctic strategies. There is a question about whether the UK needs one, whether it needs one at all internally or whether it needs one published. I think it is important to make a distinction between the two. If one looks at the European politics of the Arctic over the last few years, the European Union basically queered the pitch for itself by publishing strategies that did not really come through, giving the impression that they did not know that much about the Arctic states, had not consulted with them and were trying to somehow ramrod their way into the Arctic. Does the UK actually want to have a strategy that could leave open that belief in the minds of other Arctic states? I think the answer to that is "No". On the other hand, should there be greater co-ordination between various ministries on issues of common interest? Well, of course.

**Q241 Chair:**
Can I just ask a follow-up? The Foreign Office operates as a lead on all of this. Do you think that that is adequate?

**Charles Emmerson:**
I cannot see which other Ministry could possibly take that role. I would think that the question of leading is: are you actually the leader or are you the coordinator? It would probably be good for Britain’s Arctic influence if there were more people on that file within the Foreign Office. I know that you will be taking evidence from the Foreign Office-I believe, later in the year-and they can probably answer that better than I can.
**Q242 Mr Spencer:**
There are a number of countries trying to get observer status on to the Council. I just wondered why you think they are trying to push their way on to that and what impact that has on the UK’s position.

**Charles Emmerson:**
I think the short answer is they want to be involved because they view this as being an area of potentially very important interest to them. If one thinks, for example, about China, the largest exporter in the world, the largest importer in the world. China does not have a huge navy and basically relies on the good offices of the American navy to secure its waterways, so it is not terribly unsurprising that when it sees relatively near its waters a potentially cheaper waterway opening up, and a waterway that is more in the orbit of Russia, which may or may not be a potentially more friendly country, they are obviously going to be interested in it.

**Q243 Mr Spencer:**
If I asked you to speculate, who do you think is going to gain that status as an observer and who might try to block them, for example? If we take the Chinese, how likely are they to gain that status, and who might try to block the Chinese?

**Charles Emmerson:**
I do not have any access to any privileged information that allows me to say that with any certainty, but my hunch is that China will get in. My hunch is that other countries will become observers as well. The reason for that is because it will be known who has excluded them if they are not let in, I think, and that may carry with it certain costs. What may then happen as a consequence-and I hope this is not what happens but it might happen-is that some kinds of discussions will happen elsewhere.

**Q244 Mr Spencer:**
What about the EU? Will the EU get a seat, or will somebody try to stop that happening?
Charles Emmerson:

It is a very, very different set of issues whether the EU as an organisation gets in or whether China gets in. There is a real block for the EU, which is its policy on seal products. It is hard to underestimate the extent to which that is an issue that gets up the noses of representatives of Arctic states and domestic audiences, for which this is a very, very important issue. That is particularly the case for Canada, for example; also Denmark through Greenland. In a sense, that will be less of a geopolitical upset in some respects - after all, more than half the Arctic countries are already association with the EU in one way or another. I think the EU probably will get in, but if it did not get in, those would be the reasons why it had not.

Q245 Mr Spencer:

I suppose I am just driving at is there a deal to be done here somewhere? Can the UK position itself to do a deal to maybe back the Chinese to reduce the black carbon in the Arctic?

Charles Emmerson:

The UK is in a relatively strong position in having all kinds of diplomatic feelers and relationships all around the world. That puts it in a good position to broker all kinds of deals. The UK can play a role in bridging between some Arctic states and the Arctic Council. I think that is a useful role that the UK can play. As for a deal on black carbon, I am not aware of what the outlines of that deal would look like. The UK should attempt to be a diplomatic innovator and entrepreneur, but what they should not be doing is sticking their oar in where it is not wanted.

Q246 Caroline Lucas:

There are growing concerns about the level of fossil fuel explorations that might be going ahead in the Arctic region. One of the concerns seems to be about the plethora of different regulatory regimes. Do you think there is scope for a single regulatory framework across the entire Arctic? Do you think there is a possibility of getting agreement around that?
Charles Emmerson:
It depends on what set of issues. I think on oil and gas production that is pretty unlikely.

Caroline Lucas:
Unlikely?

Charles Emmerson:
Unlikely, yes. That is essentially within the power of the sovereign states themselves that exercise sovereignty over the areas where oil and gas might be found and might be exploited. I think a single framework with some kind of single body deciding what can and cannot happen is extremely unlikely. What is much more likely is specific sets of agreements on particular parts of the problem. So not on whether you can or cannot drill, but there has been a treaty signed on search and rescue, for example. There may be agreements on oil spill response. Those kinds of agreements seem much, much more likely but I really cannot foresee, for example, the Russians or, frankly, the other Arctic states agreeing to a situation where they felt that their ability to produce or not produce was fundamentally compromised by another state, particularly when it is very economically important to some of those countries.

Q247 Caroline Lucas:
Bearing in mind what you just said about Britain or anyone else not sticking their nose in when it is not wanted, do you think there is any scope on this issue in particular for the UK to take any kind of lead around any bits of that overall jigsaw that you were just describing? In other words, if we are not going to go for an all-out single regime, if we are looking at different bits of it, do you think there is any area where the UK would be well placed to take a lead?

Charles Emmerson:
I think the UK can be constantly holding the Arctic states to their promises on these questions. There is a longer-term relationship between Britain and Norway, and Britain and Russia, in particular British companies that may help to raise—not so much in Norway but more in Russia-environmental standards, raise respect for environmental norms. All that is possible but that is quite a
soft and long-term process. In my view, quite a lot of that will happen through companies, not just British companies. There is a whole set of other things that the UK could do or that UK institutions could do, in terms of listing requirements on the London Stock Exchange, all kinds of things, but those are not Arctic-specific in any way.

**Q248 Caroline Lucas:**
Can I just finish off by asking your views about some evidence that we heard earlier in the whole process from Shell? They were telling us about their oil-spill response plans, basically saying that they had not made any estimate of how much it would cost to clean up the Arctic if there were to be an oil spill. I wonder what you think investors might perceive, in terms of a company that had not made any kind of financial calculation of the impact of a worst-case scenario, and whether or not you have done any work to look at what kind of figures might be involved?

**Charles Emmerson:**
I can understand why one would not produce a single number because, of course, a worst-case scenario might be absolutely appalling. Of course a worst-case scenario, by definition, is not a likely scenario.

**Q249 Caroline Lucas:**
But it is a possible scenario.

Charles Emmerson:
It is a possible scenario, but lots of scenarios are possible. One could also say, "Well, Shell is a very big company. It can self-insure. Therefore, it does not need to produce a number to go to insurance markets and say, 'We want to be insured up to this value'," for example.

However, I think there is a more general concern that we need to see that companies have thought through unlikely but possible situations that could arise. They need to show a concerned global public, in some respects, what they would do if something went wrong and how they are going to avoid something going wrong in the first place. That is important not just from an environmental perspective; of course it is very important for that reason, but there is also a massive reputational risk to a company that screws up in the Arctic and that risk, indeed, is not only for that company it is actually for the
whole industry. Perhaps the companies need to be aware, and perhaps made aware in some instances, that there are reputational risks that are allied with this set of issues and those reputational risks could bring with them a very great cost. Perhaps that is more about educating investors or insurance companies or other bodies than it is about the companies themselves.

**Q250 Caroline Lucas:**
Just one last tiny bit; the Chatham House report I think says that infrastructure and capability to manage accidents may be distant or unavailable. That sounds alarming to me.

**Charles Emmerson:**
It is a different story in different parts of the Arctic. Some parts of the Arctic, in terms of oil and gas development, what we are talking about in, for example, the Barents Sea, is an area of very dense oil and gas production migrating north. There are gaps, of course, but not a huge gap there. There are other areas where there are more gaps because it is an entirely new area. It may be-and in fact it probably is-the case that the potential for large discoveries is so great in some parts of the Arctic that it would be worth putting in very, very expensive infrastructure, which would probably need to go in anyway, in the form of the pipelines, but additional infrastructure from a safety perspective. It is worth putting that in to be able to exploit this resource, which may be worth a lot of money. That is all well and good, but then we need to make sure that that infrastructure is indeed put in and the preparations are there if something went wrong.

**Q251 Chair:**
Finally, you have talked about the possibility of infrastructure, which I suppose would be physical infrastructure, which would be needed in those set of circumstances. I think in your answers we have covered quite a large area of issues to do with regulation or issues to do with disputes, which might involve maritime issues. I just wonder, from Chatham House’s perspective, what kind of diplomatic infrastructure might be needed to address each of the different potential risks, if I can put it that way. Is there anything that you feel that we have not quite covered, that would have the unique perspective of Chatham House, in terms of what could really help address some of the issues we will be confronting in the next 10, 20 years?
Charles Emmerson:
I would come back to the central question of the Arctic Council. For me that is really the key body. If you think about where it has come from only a few years ago, it has really developed quite extraordinarily. I think the support that the United Kingdom can provide to that body, and the encouragement that it can provide to that body becoming a serious player in Arctic governance issues, is very, very worthwhile.

Q252 Chair:
Just to press you on that, what specific steps could the UK most helpfully take in order to be able to make sure that from where it has come from to here it could be absolutely fit-for-purpose for the challenges ahead in the next few years?

Charles Emmerson:
It is difficult because its structure is going to be determined mostly by its voting members rather than by the observer states.

Q253

Q254 Chair:
Sure, but if we are a good neighbour, as you say-

Charles Emmerson:
But as a good neighbour, for example, there will be working groups on all sets of issues. It is good if the UK takes a lead in as many of those as it can.

Q255 Chair:
Which ones would you itemise for priority?

Not allocated.
Charles Emmerson: I am not thinking of issues specifically at the moment. I am thinking about going forward. Britain makes a tremendous investment in Arctic science and I hope that that is maintained and continued. I think a similar investment in Arctic diplomacy, essentially supportive, would be a good investment for the UK in an area of growing global importance which the UK has a strong interest in seeing maintained as stable, safe and prosperous.

Chair:

Okay, on that point I think we will leave it. Can I thank you once again for coming along this afternoon? Thank you very much indeed.